GOVERNMENT OF INDIA
AGRICULTURE
LOK SABHA

STARRED QUESTION NO:251
ANSWERED ON:03.12.2007
SYSTEM FOR FIXING MINIMUM SUPPORT PRICE
Chavda Shri Harisinh Pratapsinh;Vasava Shri Mansukhbhai D.

Will the Minister of AGRICULTURE be pleased to state:

(a) the details of the recommendations made by the Swaminathan Commission with respect to fixing of Minimum Support Price (MSP) for various crops in the country during the last two years and the current year;

(b) whether the Government proposes to make the Commission for Agricultural Costs and Prices (CACP) a statutory body and also to bring changes in the present system of fixing prices by it;

(c) if so, the details thereof; and

(d) if not, the reasons therefor?

Answer

MINISTER OF AGRICULTURE (SHRI SHARAD PAWAR)

(a) to (d): A statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (d) OF LOK SABHA STARRED QUESTION NO. 251 DUE FOR REPLY ON 3RD DECEMBER, 2007

(a) to (d): The National Commission on Farmers (Swaminathan Commission) has recommended that

i. the Minimum Support Price (MSP) needs to keep pace with rising input costs.
ii. Pulses and Coarse cereals should be purchased for PDS at reasonable MSP.
iii. MSP mechanism should be implemented throughout the country.
iv. Procurement price could be higher than MSP.
v. MSP should be at least 50 per cent more than the weighted average cost of production.

The Government fixes the MSP for crops based on the recommendations of the Commission for Agricultural Costs and Prices (CACP) which, inter-alia, takes into account the cost of production of respective crops. However, it needs to be recognized that there cannot be any mechanical linkage between cost of production and MSP since cost per quintal varies from year to year depending on the yield level. Further, the MSP fixed for the selected crops is uniform for all the states and the designated agencies intervene in the market when the market prices tend to rule below the fixed MSP. Also, in situations when purchases by the designated agencies at given MSP are not adequate to meet the PDS requirement, higher price is offered through granting bonus over and above the MSP. The CACP is an expert body giving recommendations and providing professional advice to the Government on agricultural price policy and related matters. As such, CACP is autonomous in its functioning.